
2006 BUDGET ASSUMPTIONS

PROPOSED - WAUKESHA COUNTY 09/27/05

Certain broad assumptions are determined which establish a basic foundation for building a budget. These general assumptions provide a framework to County staff, the County Executive and the County Board of Supervisors for setting priorities, determining service levels and allocating limited financial resources.

The following general assumptions were used in guiding the development of the County's 2006 budget.

- Overall inflation factor estimated for cost to continue existing services is projected for 2006 at a range from 2.0% to 2.5% depending upon the particular service or commodity. The major exceptions include cost increases for utilities, fuel, health insurance, prescription drugs and contributions to the Wisconsin Retirement System.
- To meet the levy limit target, about \$3 million of cost to continue over the levy limit had to be absorbed through program reductions, shifting priority funding between programs, more efficient program delivery and identifying increased revenue opportunities.
- Energy costs are estimated to rise faster than the rate of inflation. Natural gas to heat county facilities is assumed to increase 12% and electricity is projected to rise 7% resulting in higher budget energy costs in excess of \$150,000. Fuel cost for vehicle operations is assumed to increase by 20% or nearly \$160,000.
- The County Executive established as a goal for his proposed budget to manage a levy rate decrease, and a general tax levy increase limited to the new construction value growth in the county for 2005 (consistent with State tax levy freeze legislation), excluding the levy required for past debt service (prior to July 1, 2005), which is exempt under State legislated levy caps.
- Within the target, the 2006 budget includes nearly \$1.4 million for new Jail expansion operations above the base 2005 budgeted levy amounts for the Sheriff and Public Works. Jail expansion expenditures in 2006 include a full year of Sheriff daily operations, with 5 additional new jail positions being phased in 2006 (for a total of 33.5 new Jail expansion positions), and Public Works utilities and maintenance costs including the full year impact of 4 new positions added in the 2005 budget for the October 2005 opening.
- A 6% average health insurance premium increase and a 5% increase in Wisconsin Retirement contributions made the target a significant challenge.
- Funding of \$250,000 is provided for "Controlled Access" perimeter security at the Courthouse and Administration Building entrances.
- The proposed budget will decrease the tax levy rate for the 16th consecutive year as a combination of limiting expenditures coupled with an estimated tax base increase of almost 11% results in a fourteen cent decrease in the levy rate from \$2.11 to \$1.97 per \$1,000 of property value. This is the lowest rate in at least 40 years as annual records indicate.
- Due to the State's continuing fiscal deficits, the County anticipates State funding reductions and caps on grant-funded mandates, which will have to be absorbed.
- The largest state discretionary funding source, Basic County Allocation (BCA) of \$ 11.4 million to Health and Human Service programs, is expected to provide no increase to offset higher costs to continue existing service levels, which will result in a tax levy need of over \$600,000. The State Court Support Grant is not expected to increase, resulting in additional levy need of nearly \$150,000 to run the State Circuit Court system.
- Register of Deeds charges for service revenues are estimated to increase \$234,000 based on estimated trends of recording volume and property value increases. Revenues generated in excess of associated operating expenditures are estimated to increase \$189,000 from 2005. This increase is used to reduce overall County government tax levy funding requirements.
- Debt borrowing costs are estimated to be about 4.5% on \$12 million planned (based on the capital plan) ten-year 2005 issue. Prior year revenue in debt service fund balance will fully fund new debt service costs from the 2006 debt issue. The levy effort to fund the Capital budget will be at \$4.3 million, \$504,400 less than 2005 as a result of reduced net expenditure funding required.